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ARTICLE APPEARED
ON PAGE 18TIME
24 November 1986

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Unraveling Fiasco

His credibility under fire, Reagan admits sending arms to Iran

For once, Ronald Reagan did not want to give a speech. For nearly two weeks, the Administration had tried to bottle up stories about U.S. dealings with—and arms shipments to—Iran. When two top aides got into a sharp dispute in his presence, Reagan sided with National Security Adviser John Poindexter, who counseled continued secrecy. But the story refused to die, and so the President belatedly followed White House Chief of Staff Donald Regan's advice that he at least brief congressional leaders. The blistering criticism continued, and a press conference on Wednesday by Said Rajaie-Khorassani, Iran's Ambassador to the United Nations, finally convinced Reagan that he should take his case public. Even then he was reluctant. Hours before his TV report to the nation on Thursday, an angry President told reporters that he would deliver it only because "I've never heard such dissemination of misinformation since I've been here."

The real problem facing the President, however, was that the shocking stories that so upset him were not, in fact, misinformation. They were basically true. The Administration, acting on his orders, had secretly shipped military equipment to Iran even as it was waging an international crusade for a strict arms embargo against that country for promoting terrorism. Worse yet, the shipments, which broke the spirit and perhaps the letter of U.S. law, had become entangled with murky efforts to barter for the release of American hostages, even as the U.S. was proclaiming that it would never deal with terrorist kidnappers.

The unraveling Iranian fiasco is the latest in a string of controversies that have called into question the Administration's credibility and competence in foreign af-

fairs. They threaten to dissipate six years of aggressive effort by Reagan to strengthen America's standing in the world. Among the other setbacks to credibility: the disingenuous explanations of the shady connections between the White House and the private network run by former CIA personnel supplying aid to the *contras* fighting in Nicaragua, the campaign of "disinformation" against Libya proposed by the National Security Council, and Reagan's befuddled and dubious accounts of what he proposed during his dangerously fanciful discussions of total nuclear disarmament with Soviet Leader Mikhail Gorbachev in Reykjavik.

Of all these challenges to the Administration's vaunted spin-control talents, the latest furor threatens to do the most damage. It flies in the face of deep public aversion to Iran, to dealing with supporters of terrorism and to using arms shipments as a bargaining tool for the release of hostages. Not surprisingly, the twelve-minute talk Reagan finally gave was perhaps the most defensive of his presidency, with only occasional touches of his usual confident eloquence.

Said the President, in an opening comment he penned himself: "Now you're going to hear the facts from a White House source, and you know my name." His key points:

► Yes, "for 18 months now, we have had under way a secret diplomatic initiative to Iran." Purpose: "to open a dialogue" with a strategically vital nation, some of whose leaders seemed willing to moderate its bitter anti-Americanism.

► Yes again, "during the course of our secret negotiations, I authorized the transfer of small amounts of defensive weapons and spare parts for defensive systems to Iran."

► No, absolutely no, the "U.S. has not swapped boatloads or planeloads of American weapons for the return of American hostages" held in Lebanon by Muslim extremists loyal to Iran. Although U.S. negotiators did press Iran to use its influence to free the hostages, the arms shipments were not "ransom." They were merely intended to "send a signal" that the U.S. was serious about improving relations with Iran.

Even before the President went on camera, however, it was apparent that he was going to tell something less than the full story. Administration officials, led by Poindexter and Regan, fanned out to brief the press on what the President was about to say. Attempting to answer journalists' questions, they quickly got tangled in contradictions and indulged in some strange logic chopping.

Were the arms transfers really as modest as Reagan indicated? Only, it seems, if weapons shipped by Israel with U.S. approval, which the President never mentioned, are left out of the equation. One briefer confirmed that the U.S. had "condoned" at least one large shipment of weapons from an unnamed country, obviously Israel, in September 1985; that happens to be the month when Lebanese extremists released an American hostage, the Rev. Benjamin Weir. Israeli sources

have described other sizable shipments. In some cases Israel sent Iran spare parts for American-made jet fighters out of its own stockpiles; the U.S. then shipped new parts to Israel as replacements.

Don't the shipments violate an embargo on arms to Iran first proclaimed by Jimmy Carter and continued by Reagan? Replied one Administration briefer, later identified by the *New York Daily News* as Poindexter: "We have never said that we weren't shipping arms to Iran." That hardly squared with this public statement made by Poindexter as recently as Nov. 4: "As long as Iran advocates the use of terrorism, the U.S. arms embargo will continue." In fact, Reagan on Jan. 17 signed a special waiver of his Executive Order continuing the embargo, but he did not notify Congress of that fact until Thursday—ten months later—and did not mention it in his speech. The waiver did not repeal a series of laws that prohibit arms transfers to Iran, but Administration officials contend that these statutes permit exceptions for shipments the President deems to be in the national interest.

What about Operation "Staunch," a U.S. attempt to organize a worldwide embargo against arms sales to Iraq and Iran? One Administration official came up with this rationalization: "The object of Staunch is to end the [Iran-Iraq] war without winners or losers. To do that, we have to develop the moderate elements within Iran." In order "to give them more clout," he said, the U.S. had to send arms. Is Washington now telling the rest of the world that it must not make large shipments of weapons to Iran but that the U.S. can send small quantities if they are deemed to be in its national interest? Said the briefer: "That's right."

How can the Administration claim major progress in getting hostages released? True enough, Muslim zealots in Lebanon have set free three Americans—Weir, Lawrence Jenco and David Jacobsen—in the past 14 months, but three other Americans have been kidnapped in Beirut since September. The Administration's answer is that two sets of Muslims are involved. The group that released Weir, Jenco and Jacobsen is influenced by Iranian moderates with whom the U.S. is in contact; the latest three hostages were kidnapped by a second Lebanese group allied to Mehdi Hashemi, a Tehran extremist who is now in disgrace (he has been arrested and accused of treason). Might Hashemi

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and his friends have concluded that if they seized American hostages, they too could pry arms out of the U.S., just like their rivals in Tehran? Admits one NSC official: "That's the most likely explanation" for the latest kidnappings.

That brings up the most troubling of all questions raised by the secret Iranian policy. Granted, Reagan and his aides were right in trying to re-establish contact with so strategically important a nation as Iran and to gain some influence there. Yet how could they have failed to foresee that by agreeing to arms shipments they would be trapped into what looked—to the Iranians and the rest of the world—like a crude guns-for-hostages swap? And did the Americans really keep the questions of arms and hostages as separate in their own minds as Reagan now insists?

Briefing reporters on Friday, Chief of Staff Regan muddled those questions considerably. He told journalists, "We had tried many, many channels to get the hostages back, and they all failed. So we tried this one. [The Iranians] wanted us to send some defensive weapons as evidence of our good faith. We demanded they stop terrorism and show us evidence of their good faith. And we got three [hostages] back." Laughter made Regan realize that he seemed to be describing precisely the type of trade the President had so vehemently disavowed. But Regan plowed ahead, asking angrily, "What's a human life worth?" That, he said, was "what the President was thinking about; he brings the hostage question up in 90% of the briefings he has given."

The appearance, right or wrong, of an arms-for-hostages swap drew furious criticism last week. Even former Hostages Weir and Jenco protested that their freedom should not have been purchased in

that manner. Reagan's previous TV appearances have often rallied strong public support for hotly controversial policies, but last week's speech appeared to be far less persuasive. Among 510 people polled by ABC News immediately after the speech, 56% thought, despite the President's denials, that there had indeed been a direct arms-for-hostages deal. Moreover, 72% disapproved of the arms transfers even if the motive was only to improve relations with Iran. In Tehran, Iranian President Seyed Ali Khamene'i called Reagan's account of the negotiations "mere lies" and said there would be no "leniency and compromise" with the U.S.

Republican Senator Barry Goldwater, whose 1964 presidential campaign introduced Reagan

to national politics, called the sending of arms to Iran "one of the major mistakes the United States has ever made in foreign policy." He added that the operation might have been legal, "but it's not moral . . . to give anything to get a hostage." Later he said bluntly, "Reagan has gotten his butt in a crack."

The sharpest criticism from Capitol Hill was that Reagan had failed to inform Congress of what he was up to. That criticism can only intensify now that the White House has admitted the CIA participated fully in the Iran operation. The CIA is required by law to tell congressional intelligence committees what it is doing, but last January Reagan ordered Director William Casey, in writing, to keep quiet. Simultaneously, the President signed a document conceding that he had to inform Congress "in timely fashion" about his waiver of the arms embargo, but he determined to wait. Many Congressmen insist that notification after ten months is less than timely.

Even with Congress in recess, several committees are about to begin investigations. The House Intelligence Committee intends to begin hearings this week on all aspects of the affair; House Democratic Leader Jim Wright of Texas advised Chairman Lee Hamilton to issue "subpoenas where subpoenas are called for." Next week a House Foreign Affairs subcommittee will conduct hearings, probably behind closed doors, on whether the arms shipments violated any federal laws. Senate investigations will undoubtedly develop bite in January, when Democrats take over the committee chairmanships.

There will be no lack of matters to

probe. Reports mounted last week that arms shipments to Iran, probably with U.S. knowledge, had been far greater than Reagan let on. In Bonn, Iranian exiles opposed to the regime of Ayatollah Khomeini charged that a TWA cargo plane had flown 23 tons of "sophisticated American parts for the Iranian air force" into Tehran's Mehrabad Airport on July 4. That was shortly before the Lebanese extremists allied to Iran released Father Jenco. Israeli sources with usually reliable information made the startling assertion that shipments to Iran were still under way two weeks ago, even after the worldwide controversy exploded. They said a freighter picked up a load of arms at the Israeli port of Eilat and delivered it to Bandar Abbas in Iran sometime between Nov. 2 and Nov. 7. In addition,

Israelis noted that shipments made by Israel, with U.S. knowledge, began as early as 1982.

The disclosures undercut the impact of the Administration's announcement on Friday of some largely symbolic sanctions against Syria for its sponsorship of terrorism. Among the measures: a ban on the sale of aircraft and parts to Syria and a reduction of the U.S. embassy staff in Damascus. A British court recently found evidence that Syria had been involved in a plot to blow up an El Al jetliner flying out of London. Britain, however, could not get

its partners in the European Community to go along with anything except a light slap on the wrist. What's more, France publicly thanked Syria for its help in securing the freedom of two French hostages who were released in Lebanon on Monday. The developments demonstrated that organizing international action against terrorism, always difficult, has become even harder now that the U.S., the principal promoter of a tough line, is widely suspected of making its own deals with hostage takers.

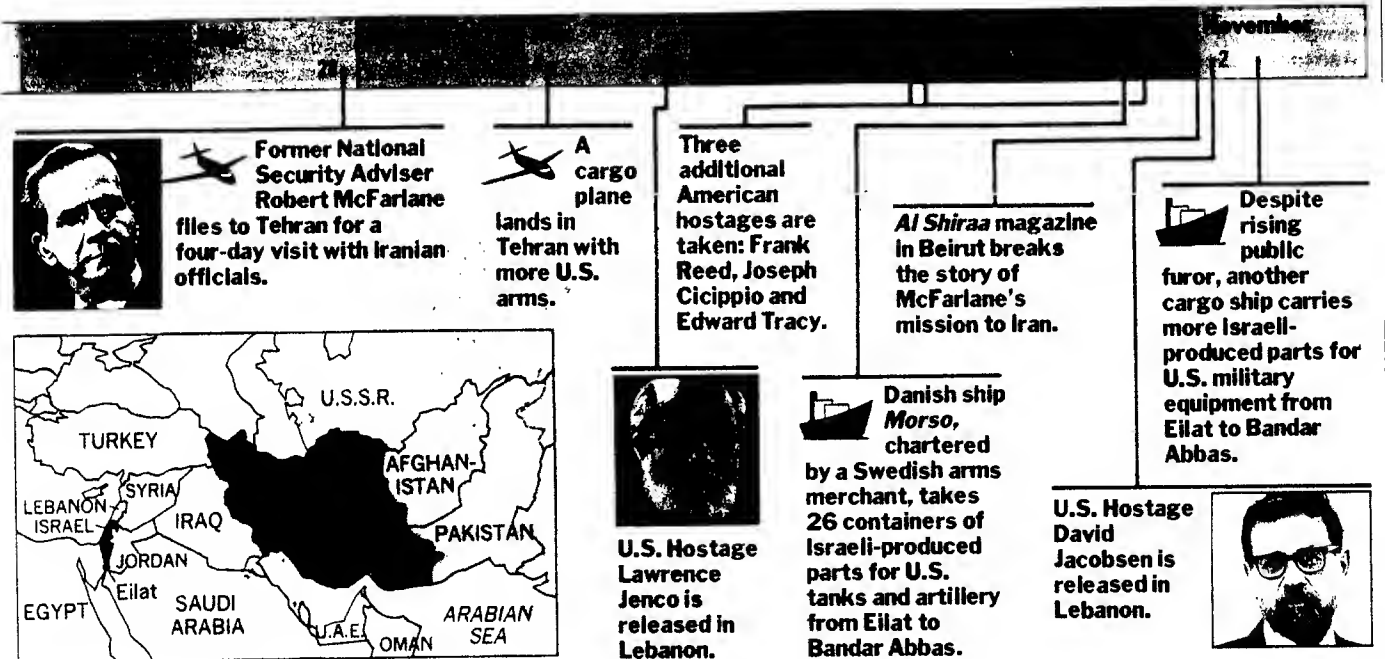
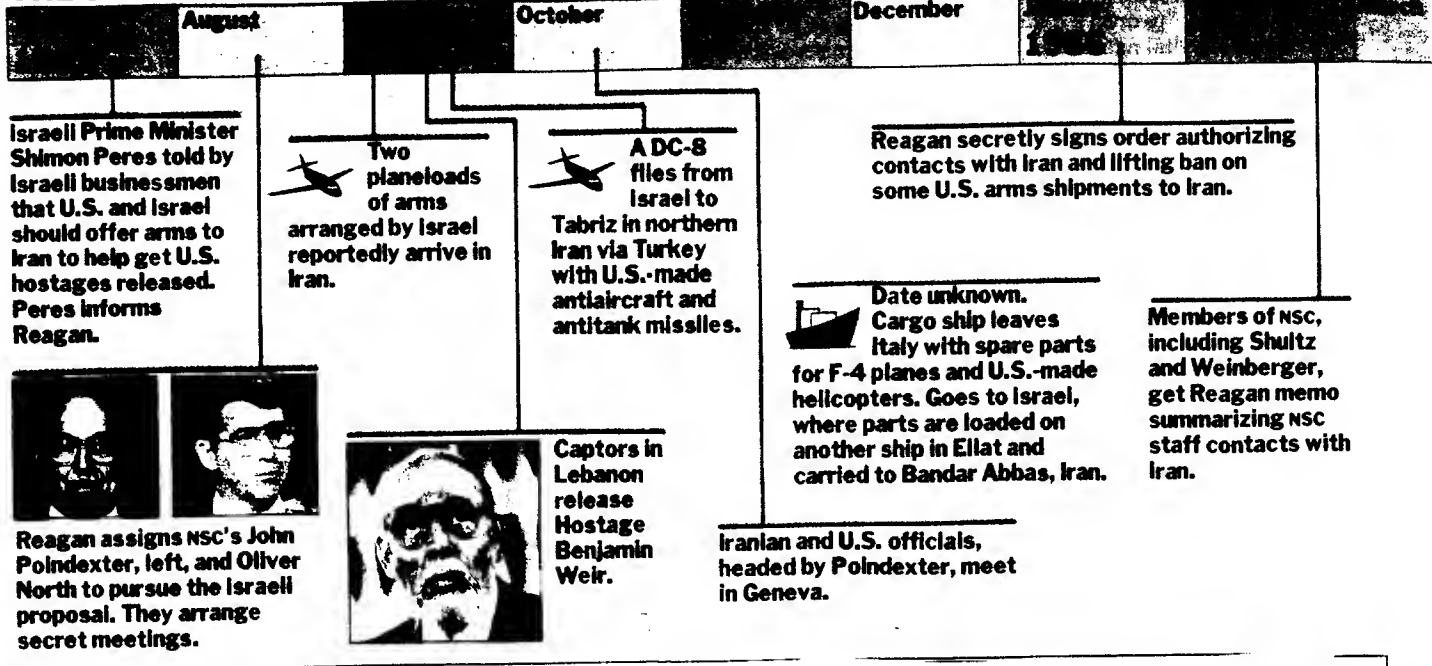
The controversy over arms for Iran is focusing a harsh spotlight on the mysterious and expanding role of the National Security Council staff. The NSC is made up of top Government officials, including the Secretaries of State and Defense and the head of the CIA; it is served by a staff headed by the National Security Adviser. In recent years, Presidents have entrusted the staff with secret diplomatic missions. Perhaps the most dramatic example was the negotiations by Henry Kissinger in 1971 that started the process of a rapprochement between the U.S. and China. Reagan last week cited Kissinger's mission as the model of what he was trying to accomplish in Iran: forge ties with a strategically vital but once angrily hostile nation.

If the expanded role of the NSC staff had stopped with secret diplomacy, there would be little controversy. It makes sense to have confidential contacts with Iranian officials who might someday help the U.S. re-establish its influence, and few would question assigning former National Security Adviser Robert McFarlane and his successor, Poindexter, to handle the job. But under the Reagan Administration, the adviser and his staff have gone further by conducting free-wheeling covert operations, often without State or Defense Department approval—

though always acting for the President.

The fatal blunder in the case of Iran was to ship arms and to have those shipments organized by NSC "cowboys" headed by Marine Lieut. Colonel Oliver North. Both Secretary of State George Shultz and Defense Secretary Caspar Weinberger were opposed, and told the President so. As a result, they played almost no role in carrying out the policy. Nor was this the first questionable NSC operation: North apparently organized the secret private network that sent arms to the *contras* at a time when Congress had forbidden direct U.S. military aid.

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THE U.S. PIPELINE TO IRAN

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Reliance on the NSC staff for covert operations has advantages. Its activities, unlike those of the CIA, need not be reported to Congress. But that, critics charge, is precisely the problem. Vermont Democrat Patrick Leahy, vice chairman of the Senate Intelligence Committee, says the President and his aides "have gotten pretty excited about running their own CIA. State Department, Defense Department out of the White House without anybody looking over their shoulder."

To be sure, the plight of the hostages presented Reagan with an excruciating dilemma. Israeli Foreign Minister Shimon Peres, on a visit to New York City last week, summarized it to TIME editors this way: "I think that every democracy is occasionally facing a contradiction in values. On one hand, you are decided to fight terrorism. On the other hand, you must remain concerned for the lives and safety of individual people ... What is the balance?"

But the warning signal should have gone up when the Iranians started asking for arms. The White House argues that the Iranians involved were taking great personal risks dealing with a nation that

the Ayatullah Khomeini regularly denounces as the Great Satan. The Iranians had to be assured that the emissaries they met were acting with Reagan's authority, and so they demanded arms transfers that only the President could authorize. Perhaps so. But it is also possible that what they were really doing was subjecting the U.S. to a crude form of blackmail.

In any case, it should have been obvious that the arms shipments could not be kept secret forever and that once they were known, the U.S. would appear to be violating its own strictures against paying ransom to kidnapers and their supporters. That impression is now out, raising potentially disastrous questions about the Administration's credibility and competence. The underlying cause is the same one that has led to other foreign policy failures: the President's predilection for seat-of-the-pants diplomacy. To prevent any further unraveling of his foreign policy, the President needs to rein in the NSC staff, put pros front and center again, and signal that amateur hour in the White House Situation Room is over.

—By George J. Church.
Reported by David Beckwith and Johanna McGeary/Washington, with other bureaus



The White House briefing: Reagan, Shultz, Weinberger, Meese, Casey,

Poindexter, Congressman Wright, Senators Byrd and Dole

PETE SOUZA—THE WHITE HOUSE